

The Hongkong and Shanghai Banking Corporation Limited

STRUCTURED INVESTMENT DEPOSIT (SID) TERMS AND CONDITIONS

1. General terms of SID Deposits

- 1.1 These SID Terms and Conditions are supplemental to our General Terms and Conditions and govern all SID Deposits. In addition, supplemental terms and conditions apply to the respective types of SID Deposit offered by us. An appendix to any supplemental terms and conditions or to the SID Terms and Conditions sets out (i) the structure selected or considered selected by you from those offered by us from time to time and (ii) the methodology for determining the Return, Redemption Amount or other factors relating to the SID Deposit ("relevant Appendix of SID Deposit"). Where you place a deposit which is accepted by us as a SID Deposit, we will issue a relevant Confirmation setting out details (such as the principal amount) of that SID Deposit. The relevant Confirmation will incorporate by reference the relevant Appendix of SID Deposit.
- 1.2 In addition to the supplemental terms and conditions and appendices described in Clause 1.1, we may specify other supplemental terms and conditions and appendices relating to SID Deposits from time to time. All supplement terms and conditions and appendices specified by us from time to time form part of these SID Terms and Conditions.
- 1.3 These SID Terms and Conditions, each set of supplemental terms and conditions, each appendix and the form of confirmation are subject to variation in accordance with the General Terms and Conditions.
- 1.4 In the event of any conflict in the documentation relating to a SID Deposit, the documentation will govern and prevail in the following order:
 - (a) the relevant Confirmation;
 - (b) the relevant Appendix of SID Deposit;
 - (c) the supplemental terms and conditions relating to that SID Deposit;
 - (d) the SID Terms and Conditions; and
 - (e) the General Terms and Conditions.
- 1.5 For the purpose of the SID Deposits only, the English version and Chinese version of the documentation shall have equal weight.
- 1.6 Scope of service
 - 1.6.1 In relation to an investment in SID Deposit:
 - (a) we may solicit the sale of or recommend SID Deposit to you in accordance with Clause 1.7.1(a) or (c); and/or
 - (b) you may enter into the transaction without or inconsistent with any solicitation or recommendation from us in accordance with Clause 1.7.1(d).
 - 1.6.2 We do not provide advisory services and therefore do not assume any advisory duty of care or obligation in the solicitation of the sale or recommendation of SID Deposit other than to ensure reasonable suitability as set out in Clauses 1.7.1(a) and (c).
 - 1.6.3 Making available to you any advertisements, marketing or promotional materials, market information or other information relating to SID Deposit shall not, by itself, constitute solicitation of the sale or recommendation of SID Deposit.
 - 1.6.4 Unless otherwise specified in these SID Terms and Conditions or in other terms and conditions in relation to any product:
 - (a) we do not advise on personalised asset allocation, investment portfolio and investment strategy; and
 - (b) we do not have any obligation to make available any service or provide advice in relation to the purchase or sale of products which we do not distribute or offer to our customers.
- 1.7 Transactions entered into with us to invest in SID Deposit
 - 1.7.1
 - (a) If we solicit the sale of or recommend any Financial Product to you, the Financial Product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives ("**Customer Financial Information**").
 - (b) No other provision of these SID Terms and Conditions or any other document we may ask you to sign and no statement we may ask you to make derogates from Clause 1.7.1(a).
 - (c) If we solicit the sale of or recommend SID Deposit to you, we will also ensure that SID Deposit is reasonably suitable for you based on our suitability assessment. In our assessment, we will take into account your financial situation, investment experience and/or investment objectives, if it is required by applicable regulatory requirements.
 - (d) If you enter into a transaction with us to invest in SID Deposit without or inconsistent with any solicitation or recommendation from us, we will not have any obligation or duty to assess whether or ensure that SID Deposit is suitable for you. You acknowledge and agree that it is your sole responsibility to assess and to satisfy yourself that the transaction is appropriate for you. Any limitation of our obligation or duty in this Clause 1.7.1(d) is subject to compliance with all Applicable Regulations.
 - (e) We are not liable for any loss (including indirect or consequential loss), cost or damage of any kind incurred or suffered by you or any other person with respect to or arising out of any transactions which fall under Clause 1.7.1(d), except where it is proved that there was negligence or wilful default by (i) us, (ii) our agents or nominees, or (iii) our officers or employees or that of our agents or nominees in performing our obligations under these SID Terms and Conditions (in which case we will only be liable for any loss and damage you incur or suffer that is direct and reasonably foreseeable arising directly and solely from such negligence or wilful default).
 - 1.7.2 By entering into a transaction with us to invest in SID Deposit, you confirm that any information you provide to us (including the Customer Financial Information) is complete, accurate and up-to-date. When we assess suitability, we will rely on your confirmation.
 - 1.7.3 Before you enter into a transaction with us to invest in SID Deposit, you should:
 - (a) consider your own circumstances and understand the SID Deposit features, terms and risks, and you should contact us if you have any questions on SID Deposit;
 - (b) note that we have no ongoing responsibility to ensure that the SID Deposit we have solicited the sale of or recommended to you remains suitable for you;
 - (c) note that if circumstances relating to you, SID Deposit, us or general market conditions change, SID Deposit may no longer be suitable for you; and
 - (d) note that we do not provide legal, tax or accounting advice on your investments, and you should therefore consider obtaining independent professional advice (including legal, tax and accounting advice) about your investments where necessary.
 - 1.7.4 This Clause 1.7 takes effect on 8 June 2017 ("**Effective Date**"), and applies to:
 - (a) any solicitation and/or recommendation of SID Deposit we make to you on or after the Effective Date, provided that you enter into a transaction with us to invest in SID Deposit following our solicitation and/or recommendation; and

- (b) any transaction you enter into with us to invest in SID Deposit without or inconsistent with any solicitation or recommendation from us on or after the Effective Date.

2. Making SID Deposits

- 2.1 We have the right to specify and vary from time to time the terms on which you may make SID Deposits. These terms may include the following:
- (a) the available currencies;
 - (b) the applicable minimum initial deposit amount;
 - (c) the applicable multiple of such minimum amount; and
 - (d) the available SID Deposit Periods.
- 2.2 Funds for the purpose of making a SID Deposit must be received by us before the Cut-off Time for the relevant SID Deposit Period. Once we have received such funds, they cannot be withdrawn except in accordance with these SID Terms and Conditions. Subject to the terms of this Clause 2.2:
- (a) such funds will be held in an interest bearing account until the relevant SID Deposit Date as a time deposit to which the terms and conditions for time deposit apply. Details of interest rates payable on that time deposit will be available on request; and
 - (b) the Reserved Amount will be placed as a SID Deposit on the SID Deposit Date.
- 2.3 No SID Deposit can or will be automatically renewed for any subsequent SID Deposit Period. This includes no renewal of the principal amount of a SID Deposit or any Return or Redemption Amount payable in respect of a SID Deposit.
- 2.4 We have the right not to accept any funds received from you or to accept only part of such funds as a SID Deposit. We may exercise that right even if (i) we have received the Reserved Amount; or (ii) we have accepted funds from any other customer as a SID Deposit. If we do not accept any funds, we will notify you as soon as practicable and place any funds received in the Disposal Account.

3. Withdrawal of SID Deposits

- 3.1 You are not allowed to withdraw a SID Deposit (or any part of it) without our consent prior to the SID Maturity Date relating to the current SID Deposit Period.
- 3.2 Where we allow you to redeem a SID Deposit prior to the relevant SID Maturity Date ("Early Redemption"), the terms for Early Redemption will be set out in the relevant Appendix of SID Deposit. **It is likely that the Return on such Early Redemption will be lower than that if the SID Deposit had been kept in place until the relevant SID Maturity Date, and the Return may be negative.**
- 3.3 We have the right to uplift a SID Deposit (or any part of it) prior to the SID Maturity Date. We may exercise this right if we determine, in our discretion, that it is necessary or appropriate to protect our security interest or right to combine accounts or set off, or to protect your interests. If we uplift a SID Deposit (or any part of it), we will deduct such break costs or add such proportion of the Return or Redemption Amount, as we may determine conclusively to be deductible or to have accrued. We will then place the resulting deposit amount in the Disposal Account or on interest bearing deposit. The resulting deposit amount may be less than the original principal amount of the SID Deposit.

4. Capital protection

- 4.1 The principal amount of a SID Deposit is fully (i.e. 100%) capital protected on maturity unless otherwise stated in the relevant Appendix of SID Deposit.
- 4.2 If the Return calculated on maturity in accordance with the relevant formula in the relevant Appendix of SID Deposit would be negative, it will not be deducted from the principal amount but will be considered to be nil instead, unless otherwise stated in the relevant Appendix of SID Deposit or the provisions relating to Early Redemption or early withdrawal by us (such as in the case of illegality or in accordance with Clause 3.3).

5. Return and Redemption Amount

- 5.1 Unless otherwise stated in the relevant Appendix of SID Deposit, interest will not be paid on a SID Deposit at a predetermined rate. Instead, depending on the types of SID Deposit, a Return or Redemption Amount will be payable on maturity.
- 5.2 The Return or Redemption Amount payable on a SID Deposit in respect of any SID Deposit Period will be calculated in accordance with the terms of the relevant Appendix of SID Deposit. Such Return or Redemption Amount is payable on the SID Maturity Date. We will notify you of the Return or Redemption Amount payable in respect of a SID Deposit as soon as practicable after the SID Maturity Date.
- 5.3 **In certain circumstances depending on the applicable capital protection provisions (if any), the Redemption Amount may be greater than or less than the original principal amount of the SID Deposit.**

6. Interest

- 6.1 Interest on a SID Deposit in respect of any SID Deposit Period, if stated to be payable in the relevant Appendix of SID Deposit:
- (a) will accrue from (and including) the SID Deposit Date up to (but excluding) the SID Maturity Date;
 - (b) will be calculated at the applicable Interest Rate per annum on the basis of the actual number of days that have elapsed during the period referred to in (a) above and in accordance with prevailing market practice; and
 - (c) will be payable on the SID Maturity Date,
- unless otherwise stated in the relevant Appendix of SID Deposit.
- 6.2 Where Interest Rate on a SID Deposit is calculated by reference to HIBOR, LIBOR or other reference rate (as such terms may be defined in the relevant Appendix of SID Deposit) and the rate is not available for any reason, it will be determined conclusively by us in good faith and in a commercially reasonable manner.

7. Calculations and determinations

We will determine conclusively, acting in a reasonable manner in accordance with prevailing market practices, all rates, fixings and values required for the purposes of calculating the Return or Redemption Amount, and all other matters to be established in relation to a SID Deposit.

8. Participation Rate

- 8.1 Depending on the type of SID Deposit, a Participation Rate may or may not apply and may differ for each type of SID Deposit or for each choice of Return or Redemption Amount calculation offered by us.
- 8.2 The Participation Rate is used to calculate the Return or Redemption Amount. Calculation will be made in accordance with the relevant formula set out in the relevant Appendix for SID Deposit or the supplemental terms and conditions relating to the SID Deposit. The Participation Rate represents the percentage of the increase or decrease (if any, as the case may be) of the underlying Index or other reference, in respect of which you will receive benefit over the SID Deposit Period.

8.3 The Participation Rate is affected by a number of variables. These variables may include interest rates, currency exchange rates, market volatility and dividend or coupon yield. We have the right to vary the Participation Rate for each SID Deposit Period.

9. Fees

We have the right to impose fees and charges from time to time as we in our discretion consider appropriate. We will notify you of any fees or charges imposed or of any changes to them at least one (1) month in advance. Such fees or charges will not apply to a SID Deposit already placed with us during the SID Deposit Period.

10. Tax

We will pay any Return, Redemption Amount or interest subject to any deduction or withholding in respect of tax required by Applicable Regulations. We will advise you of the amount of deduction or withholding (if applicable) each time any Return, Redemption Amount or interest is paid.

11. Waiver

No act or omission by us will affect our rights, powers or remedies under these SID Terms and Conditions or any further or other exercise of such rights, powers or remedies.

12. Business Days

If any payment or calculation to be made or other action to be taken by us or by you in relation to a SID Deposit would fall otherwise on or by reference to a day which is not a Business Day, it will be postponed until (or, as appropriate, by reference to) the following Business Day unless otherwise specified in the relevant Confirmation, relevant Appendix of SID Deposit or the supplemental terms and conditions relating to that SID Deposit.

13. Joint depositors

If a SID Deposit is or is to be made in the joint names of two or more persons:

- (a) you are jointly and severally liable with each other for the obligations and liabilities under these SID Terms and Conditions;
- (b) any act or omission of any of you will be deemed the act or omission of all of you; and
- (c) any notice to be given to you under these SID Terms and Conditions will be validly given to all of you if given to any of you.

14. Risk disclosures applicable to all SID Deposits

14.1 A SID Deposit is NOT equivalent to, and should not be treated as a substitute for, time deposit. A SID Deposit is NOT a protected deposit and NOT protected by the Deposit Protection Scheme in Hong Kong.

14.2 The Return or Redemption Amount in relation to a SID Deposit will depend on market conditions and the performance of the asset or investment linked to that SID Deposit. The performance of the linked asset or investment may go up or down during the relevant SID Deposit Period and this will affect the Return or Redemption Amount.

14.3 The Return or Redemption Amount may be less than would have been payable on a time deposit for the same period. It is possible that no amount by way of return will be payable at all. You must be prepared to risk losing (i) the interest that you might otherwise have earned on money invested as a SID Deposit or (ii) where a SID Deposit is not 100% capital protected, the principal amount of that SID Deposit to the extent not so protected.

14.4 You acknowledge the risk disclosures in this Clause 14 explain some principal risks but is not an exhaustive list of all possible risks associated with investment in SID Deposits generally or with respect to specific types of SID Deposits. If you have any concerns about SID Deposits or any type of SID Deposits, you should consult your professional advisers.

15. Third party rights

No person other than you and us will have any right under the Contracts (Rights of Third Parties) Ordinance to enforce or enjoy the benefit of any of the provisions of these SID Terms and Conditions or any supplemental terms and conditions applicable to the respective types of SID Deposit offered by us.

16. Governing law

These SID Terms and Conditions are governed by and will be construed according to Hong Kong laws.

17. Jurisdiction

17.1 You submit to the non-exclusive jurisdiction of the Hong Kong courts.

17.2 These SID Terms and Conditions may be enforced in the courts of any competent jurisdiction.

Definitions

Applicable Regulation means any law, regulation or court order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any Authority or industry or self-regulatory body, whether in or outside Hong Kong, to which we or you are subject or with which we or you are expected to comply from time to time.

Authority means any regulatory authority, governmental agency (including tax authority), clearing or settlement bank or exchange.

Business Day means a day (other than a Saturday, a Sunday or a public holiday) on which banks are open for business including dealings in foreign exchange and foreign currency deposits (i) in Hong Kong or (ii) where another location is stated or referenced, in that location.

Confirmation in relation to a SID Deposit, means each separate confirmation issued by us to you in respect of that SID Deposit investment pursuant to these SID Terms and Conditions; and "relevant Confirmation" means the Confirmation of the SID Deposit investment in question.

CPI Deposit means a type of investment which we offer from time to time as a Capital Protected Investment Deposit.

Cut-off Time in relation to the SID Deposit Period of a SID Deposit, means (i) the applicable time and date stated in the relevant Confirmation or relevant Appendix of SID Deposit, or (ii) if not so stated, our close of business on the second Business Day prior to the relevant scheduled SID Deposit Date.

Disposal Account means an account maintained by you with us and designated by you for the purpose of holding funds which are not accepted by us as a SID Deposit or which are withdrawn from a SID Deposit.

Early Redemption has the meaning set out in Clause 3.2.

Financial Product means any securities, futures contracts or leveraged foreign exchange contracts as defined under the Securities and Futures Ordinance. For the purpose of this definition, "leveraged foreign exchange contracts" mean those traded by persons licensed for Type 3 regulated activity under the relevant regulations in Hong Kong.

General Terms and Conditions means our "General Terms and Conditions" governing accounts and services, as may be amended or supplemented from time to time.

Hong Kong means the Hong Kong Special Administrative Region of the People's Republic of China.

Participation Rate in relation to a SID Deposit, means the rate stated as Participation Rate in the relevant Appendix of SID Deposit or the relevant Confirmation (or both).

person includes an individual, sole proprietorship, partnership, firm, company, corporation or unincorporated body of persons.

Redemption Amount in relation to a SID Deposit, means the amount representing the original principal amount of that SID Deposit increased (or reduced, as applicable) in accordance with the relevant Appendix of SID Deposit, these SID Terms and Conditions or any supplemental terms and conditions.

relevant Appendix of SID Deposit has the meaning set out in Clause 1.1.

Reserved Amount means the principal amount of the funds placed by you with us which are intended to be placed as a SID Deposit on the relevant SID Deposit Date subject to these SID Terms and Conditions.

Return means the amount representing the return on a SID Deposit calculated and payable in accordance with the relevant Appendix of SID Deposit, these SID Terms and Conditions or any supplemental terms and conditions.

SID Deposit means a type of investment offered by us from time to time as a Structured Investment Deposit pursuant to these SID Terms and Conditions and includes a CPI Deposit.

SID Deposit Date in relation to a SID Deposit and a SID Deposit Period, means (subject to these SID Terms and Conditions) the Business Day which is the first day of that SID Deposit Period as stated in the relevant Confirmation.

SID Deposit Period in relation to a SID Deposit, means the period from (and including) its SID Deposit Date to (but excluding) its SID Maturity Date.

SID Maturity Date in relation to a SID Deposit and a SID Deposit Period, means (subject to these SID Terms and Conditions) (i) the date stated as the SID Maturity Date in the relevant Confirmation or such other date as stated in the relevant Appendix of SID Deposit, or (ii) if that date is not a Business Day, the following date which is a Business Day on which, subject to these SID Terms and Conditions, the SID Deposit is repayable together with any Return or any Redemption Amount in respect of the SID Deposit is payable.

SID Terms and Conditions means these "Structured Investment Deposit Terms and Conditions" as may be amended or supplemented from time to time.

we, us, our means The Hongkong and Shanghai Banking Corporation Limited of 1 Queen's Road Central, Hong Kong, a registered institution under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) with central entity number AAA523, and its successors and assigns.

you or your means each person who makes or requests to make a SID Deposit and, where that person is a partnership, any reference to you includes each person carrying on the business of that partnership from time to time and, where the context permits, includes any individual authorized by you to give instructions relating to the SID Deposit.